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Components USA, Inc.**

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION

In re:

Case No. 08-36705-BJH

SUPERIOR AIR PARTS, INC.

Chapter 11

Debtor.

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**OBJECTION OF MAHLE ENGINE COMPONENTS USA, INC. TO DEBTOR'S  
MOTION TO SELL SUBSTANTIALLY ALL OF DEBTOR'S  
ASSETS FREE AND CLEAR OF LIENS**

MAHLE Engine Components USA, Inc. ("Mahle") hereby objects to Debtor's Motion to  
Sell Substantially All of Debtor's Assets Free and Clear of Liens (the "Sale Motion") as follows:

**JURISDICTION AND BACKGROUND**

1. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (N), and (O).

2. On December 31, 2008, (the “Petition Date”) Superior Air Parts, Inc. (“Debtor”) filed a voluntary petition for relief under Chapter 11 of the United States Bankruptcy Code. The Debtor continues to operate its businesses and manage its affairs as debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

3. On January 2, 2009, Debtor filed the Sale Motion. The Sale Motion contemplates a sale of substantially all Debtor’s assets to Avco corporation.

4. Mahle files this Objection because it appears Debtor intends to sell, as part of the sale to Avco Corporation, certain tooling that is owned by, and in the possession of, Mahle.

### **OBJECTION**

5. Mahle is a supplier to the Debtor. Mahle has supplied engine components, bushings, washers, and other products (collectively the “Goods”) to the Debtor pursuant to certain purchase orders between the parties.

6. Mahle has used the tooling described on Exhibit A, as well as other tooling in its possession (hereinafter the “Tooling”), to produce the Goods for Debtor.

7. Mahle owns the Tooling according to Mahle’s terms and conditions with Debtor, a copy of which is attached as Exhibit B. The terms and conditions provide:

**TOOL AND DIE CHARGES** Seller shall retain title to and the right to possession of all special tools, dies and molds used in the fabrication of articles to Buyer’s blueprints and specifications, even though Buyer may be separately billed for all such tools, dies and molds, except when such tool’s are for molds, patterns etc. for casting products. The tools, dies and molds paid for by the Buyer under separate invoice shall be used for the manufacture of goods to Buyer’s orders. If no orders are received from Buyer requiring the use of such tooling for a period of seven (7) years, Seller may consider the same obsolete and destroy such tooling after notification to the Buyer in writing giving the buyer 3 months to respond. In the event special tools, dies or equipment are disposed of, any future orders are subject to an additional retooling charge.

8. Debtor has not paid for any of the Tooling and otherwise has not acquired any ownership rights to the Tooling.

9. On January 2, 2009, Debtor filed the Motion seeking to sell substantially all of its assets to Avco Corporation pursuant to a certain Asset Purchase Agreement entered into on December 30, 2008 (the “APA”).

10. In the Motion, Debtor designates the assets subject to the sale as the “Superior Assets”, which in turn are defined as “the Purchased Assets, described in Section 2.1 of the APA including but not limited to the Regulatory Approvals, Design and Manufacturing Rights, Inventory, Manufacturing Equipment and Tooling, Other Tangible Personal Property, Intellectual Property and Claims.” Section 2.1 of the APA in turn includes the following as “Purchased Assets”:

All machinery, equipment and tooling used or held for use in connection with or necessary for the manufacture and repair of aircraft engines and aircraft engine parts (including Certified Engines and Parts and Non-Certified Engines and Parts) including all manufacturing, production, maintenance, packaging, gages, testing and other machinery, tooling (including dies, jigs, patterns, molds, prototypes and the like) and . . . including, for the avoidance of doubt, all such assets identified in Schedule 6.5(b).

Schedule 6.5(b) was not been filed yet.

11. On January 22, 2009, Debtor sent Mahle the letters attached as Exhibit C (the “Tooling Letters”). In the Tooling Letters, Debtor notifies Mahle that subject to Court approval, it will sell substantially all of its assets, including the Tooling, to Avco Corporation under the APA. The Tooling Letters further state that “all such Tooling is the property of Superior and, if the Court approves the Asset Sale, will be required to be transferred to Avco or its designee.”

12. Through the Sale Motion, Debtor seeks to sell substantially all of its assets, including the Tooling, free and clear of liens, claims, encumbrances, and interests pursuant to 11 U.S.C. §§ 105 and 363(f).

13. Debtor, however, has not offered any proof that it has paid for or otherwise owns the Tooling.

14. Mahle objects to the Sale Motion and the Tooling Letters to the extent the Sale Motion and Tooling Letters contemplate the sale of the Tooling, or any other tooling owned by or in the possession of Mahle, as part of the assets sold to Avco Corporation or the highest bidder at the sale.

WHEREFORE, MAHLE Engine Components USA, Inc. respectfully objects to the Sale to the extent Debtor proposes to sell the Tooling or any other tooling that is owned by or in the possession of Mahle.

Dated: February 16, 2009

/s/ Gordon J. Toering  
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